



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 8, 2002

Mr. Jack Savage  
Oil Tech, Inc.  
5615 North 6300 West  
Morgan, Utah 84050

Re: Permitting Requirements for Oil Shale Processing Facility, Oil Tech, Inc., S/047/076, Uintah County, Utah

Dear Mr. Savage:

On January 31, 2002, I inspected Oil Tech's oil shale processing facility a few miles from Bonanza. I appreciate the cooperation you and Byron and David Merrell have shown as we have been considering whether this site needs to be permitted under the minerals regulatory program.

After examining applicable regulations in light of the activities your company is undertaking, we have determined that the site meets the definition of "mining operation" under the R647 regulations. Mining operations are defined as:

... those activities conducted on the surface of the land for the exploration for, development of, or extraction of a mineral deposit, including, but not limited to, surface mining and the surface effects of underground and in situ mining; on-site transportation, concentrating, milling, evaporation, and other primary processing. "Mining operation" does not include: the extraction of sand, gravel, and rock aggregate; the extraction of oil and gas; the extraction of geothermal steam; smelting or refining operations; off-site operations and transportation; or reconnaissance activities which will not cause significant surface resource disturbance and do not involve the use of mechanized earth-moving equipment such as bulldozers or backhoes.

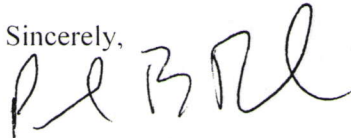
In particular, your operation includes milling and other primary processing. Although this definition excludes the extraction of oil and gas, the intent of this exclusion is that drilling for oil and gas would not be regulated by the minerals program in the same way that the oil and gas regulatory program does not regulate extraction of oil and gas from solid minerals, such as oil shale, coal, and tar sands. Precedent also dictates regulation under the minerals regulatory program, and, in any case, the operation includes processing before oil is extracted.

Enclosed are copies of the R647 regulations and of a form (MR-SMO) showing the information we need to permit the site. Please complete this form and submit it to us by February 28, 2002. In

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addition, there is a \$100 permit application fee you will need to pay now and annually hereafter. I would be happy to answer any questions you have about the permitting process. Please feel free to call me at 801-538-5261 or Wayne Hedberg at 801-538-5286.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Baker', written in a cursive style.

Paul B. Baker  
Senior Reclamation Biologist

jb  
Enclosure: MR-SMO, Rules  
cc: John Blake (SITLA)  
s47-76ltr.doc